

# **TOWNSHIP OF CRANBERRY**

**BUTLER COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2004**

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# TOWNSHIP OF CRANBERRY

DECEMBER 31, 2004

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Township of Cranberry  
Butler County, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Cranberry's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cranberry Public Library, Inc., which represents approximately 94 percent of the assets and net assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cranberry Public Library, Inc., is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Cranberry Public Library, Inc. referred to above were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2005, on our consideration of the Township of Cranberry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 16 and page 57, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Cranberry's basic financial statements. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Fogel & Associates*

April 25, 2005



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Supervisors  
Township of Cranberry  
Butler County, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Township of Cranberry as of and for the year ended December 31, 2004, which collectively comprise the Township of Cranberry's basic financial statements, and have issued our report thereon dated April 25, 2005. The report on the aggregate discretely presented component units was qualified because the financial statements of Cranberry Public Library, Inc. were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for Cranberry Public Library, Inc., was based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Cranberry Public Library, Inc were not audited in accordance with *Government Auditing Standards*.

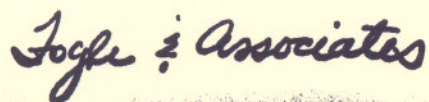
**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township of Cranberry's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Cranberry's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

The logo for Fogel & Associates is written in a dark, cursive script. The word "Fogel" is followed by an ampersand and the word "Associates".

April 25, 2005

## **Management's Discussion and Analysis**

As management of Cranberry Township, we offer readers of Cranberry Township's financial statements this narrative overview and analysis of the financial activities of Cranberry Township for the fiscal year ended December 31, 2004.

### **Financial Highlights**

- The assets of Cranberry Township exceeded its liabilities at the close of the most recent fiscal year by \$41,714,624. Of this amount, \$19,334,345 may be used to meet the government's on going obligations to citizens and creditors.
- Cranberry Township's net assets increased by \$2,583,883.
- As of the close of the current fiscal year, Cranberry Township's governmental funds reported combined ending fund balances of \$10,678,512. Approximately one half of this total amount is available for spending at the government's discretion. The remaining half is held for specific capital projects.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 4,938,978.

### **Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to Cranberry Township's basic financial statements. Cranberry Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide the readers with a broad overview of Cranberry Township's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of Cranberry Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Cranberry Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Cranberry Township that are primarily supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Cranberry Township include general government, public safety, health and welfare, highways, roads, and streets, culture and recreation, insurance and pension, miscellaneous, and interest on long-term debt. The business-type activities of Cranberry Township include water, sewer, golf course, and swimming pool.

The government-wide financial statements include not only Cranberry Township itself (known as the primary government), but also a legally separate public library and a legally separate volunteer fire company for which Cranberry Township is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 17 and 18 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cranberry Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Cranberry Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Cranberry Township maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other seven funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Cranberry Township adopts an annual appropriated budget for its general fund and capital projects fund. A budgetary comparison statement has been provided for both funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

*Proprietary funds.* Cranberry Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Cranberry Township uses enterprise funds to account for its water, sewer, golf course, solid waste, and swimming pool operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer and golf course operations, all three are considered to be major funds of Cranberry Township. The swimming pool and solid waste funds are considered a non-major funds.

The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Cranberry Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Cranberry Township's progress in funding its obligation to provide pension benefits to its police officers (presented in the accompanying notes) and budgetary comparison schedules for the general fund and each major special revenue fund. Required supplementary information can be found on page 57 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary budgetary comparison schedule. Combining and individual fund statements and schedules can be found on pages 58 through 62 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cranberry Township, assets exceeded liabilities by \$41,714,624 at the close of the most recent fiscal year. Of this amount, \$21,927,511 (or 53%) is accounted for by capital assets (e.g., land, buildings, and equipment), which includes some infrastructure and construction in progress, less any related debt used to acquire those assets that is still outstanding.

Cranberry Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Cranberry Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Cranberry Township's Net Assets

	<b>Governmental Activities</b>		<b>Business- type Activities</b>		<b>Total</b>	
	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>
Current and other assets	13,660,333	11,484,198	10,196,834	11,210,581	23,857,167	22,694,779
Capital assets	17,765,383	20,455,444	50,229,808	50,213,421	67,995,191	70,668,865
<b>Total assets</b>	<b>31,425,716</b>	<b>31,939,642</b>	<b>60,426,642</b>	<b>61,424,002</b>	<b>91,852,358</b>	<b>93,363,644</b>
Current and other liabilities	702,106	605,376	939,450	1,856,643	1,641,556	2,462,019
Long term liabilities	16,583,927	15,435,215	34,496,134	33,751,786	51,080,061	49,187,001
<b>Total liabilities</b>	<b>17,286,033</b>	<b>16,040,591</b>	<b>35,435,584</b>	<b>35,608,429</b>	<b>52,721,617</b>	<b>51,649,020</b>
Net Assets:						
Invested in capital assets, net of related debt	1,181,456	5,220,539	12,617,221	16,706,972	13,798,677	21,927,511
Restricted			450,000	452,768	450,000	452,768
Unrestricted	12,958,227	10,678,512	11,923,837	8,655,833	24,882,064	19,334,345
<b>Total net assets</b>	<b>14,137,683</b>	<b>15,899,051</b>	<b>24,991,058</b>	<b>25,815,573</b>	<b>39,130,741</b>	<b>41,714,624</b>

An additional portion of Cranberry Township's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$19,334,345) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Cranberry Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental activities.** Governmental activities increased Cranberry Township's net assets by \$1,706,433. Business-type activities increased Cranberry Township's net assets by \$669,974. Key elements of these increases are as follows:

#### Cranberry Township's Changes in Net Assets

	<b>Governmental Activities</b>		<b>Business- type Activities</b>		<b>Total</b>	
	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	2,255,917	2,089,396	10,361,160	11,309,242	12,617,077	13,398,638
Operating grants	2,040,142	1,302,168			2,040,142	1,302,168
Capital grants	3,532,659	2,086,233	1,190,818	1,308,598	4,723,477	3,394,831
General revenues:						
Property taxes	3,937,351	4,628,436			3,937,351	4,628,436
Earned income taxes	3,428,205	3,784,073			3,428,205	3,784,073
Other taxes	1,326,209	1,823,527			1,326,209	1,823,527
Interest and rents	147,110	176,146	189,598	240,481	336,708	416,627
Other			786,748	227,161	786,748	227,161
Transfers	(150,209)	631,226	150,209	(631,226)		
<b>Total revenues</b>	<b>16,517,384</b>	<b>16,521,205</b>	<b>12,678,533</b>	<b>12,454,256</b>	<b>29,195,917</b>	<b>28,975,461</b>

<b>Expenses:</b>						
Gen. government	3,029,799	3,273,014			3,029,799	3,273,014
Public safety	3,626,437	4,036,613			3,626,437	4,036,613
Health & welfare	123,932	224,937			123,932	224,937
Roads, streets	2,795,825	4,792,196			2,795,825	4,792,196
Culture & recreation	1,329,712	1,355,187			1,329,712	1,355,187
Insurance & pension	367,698	550,720			367,698	550,720
Miscellaneous	5,300	23,762			5,300	23,762
Interest on long-term debt	652,403	558,343			652,403	558,343
Water			6,682,391	3,025,189	6,682,391	3,025,189
Sewer			5,175,433	5,784,185	5,175,433	5,784,185
Golf Course			2,203,737	2,117,662	2,203,737	2,117,662
Swimming pool & solid waste			757,612	857,246	757,612	857,246
Total Expenses	11,931,106	14,814,772	14,819,173	11,784,282	26,750,279	26,599,054
Change in net assets	4,586,278	1,706,433	(2,140,640)	669,974	2,445,638	2,376,407
Net assets-beginning-restated	9,553,405	14,192,618	27,131,698	25,145,599	36,685,103	39,338,217
Net assets-ending	14,139,683	15,899,051	24,991,058	25,815,573	39,130,741	41,714,624

The following table depicts revenues by source for governmental activities:

**Revenues by Source - Governmental Activities**

Charges for services	13%
Operating grants	8%
Capital grants	13%
Property taxes	29%
Earned income taxes	24%
Other taxes	12%
Interest and rents	<u>1%</u>
<b>Total</b>	100%

Government-wide revenues were primarily derived from property tax collections at 29% and earned income tax collections at 24% of the total. Charges for services and capital grants are at 13% and are tied for the third largest sources of revenue.

The following table depicts expenses by programs for governmental activities:

**Expenses by Program - Governmental Activities**

General government	22%
Public safety	27%
Health and welfare	2%
Roads, streets	32%
Culture and recreation	9%
Insurance and pension	4%
Interest on long-term debt	<u>4%</u>
<b>Total</b>	100%

Total expenses for all programs in 2004 were \$14,814,772. The expenses reflect the delivery of a wide range of services, with the largest being roads and streets at 32%. The second largest program area is public safety at 27%, followed by general government at 22%, and culture and recreation at 9%.

The following table depicts the net program expenses/revenues by function/program for the period ending December 31, 2004:

<b>Net Program Expenses/Revenues</b>	
General government	(1,598,965)
Public safety	(2,991,355)
Health and welfare	(224,937)
Roads, streets	(3,087,201)
Culture and recreation	(768,502)
Insurance and pension	(180,978)
Miscellaneous	73,306
Interest on long-term debt	(558,343)
<b>Total</b>	<b>(9,336,975)</b>

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Road and street expenses required the most general fund revenue for support, needing \$3 million in 2004. Public safety required \$2.9 million general revenues for support. General government needed \$1.5 million in support and culture and recreation required \$768,502 for support.

**Business-type activities.** Business-type activities increased Cranberry Township's net assets by \$669,974.

- Cranberry Township's customer base for sewer and water continues to grow. Cranberry Township, in 2004, implemented a Township-wide solid waste collection program.
- 90% of revenue comes from charges for services, 10% of revenue comes from capital grants and contributions.

### Expenses and Program Revenues - Business-type Activities

Program	Operating Revenue	Operating Expenses*
Sewer	5,660,682	3,093,500
Water	3,312,373	2,650,285
Golf Course	1,706,775	1,283,542
Swimming Pool	484,767	457,488
Solid Waste	201,696	209,972

\* depreciation removed

### Financial Analysis of the Township's Funds

As noted earlier, Cranberry Township uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements.

*Governmental funds.* The focus of Cranberry Township's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing Cranberry Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Cranberry Township's governmental funds reported combined ending fund balances of \$10.68 million. As stated previously, approximately one half of this total amount is available for spending at the government's discretion. The remaining half is held for specific capital projects.

The general fund is the chief operating fund of Cranberry Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,938,978. The fund balance for the general fund increased by \$476,918 during the current fiscal year.

*Proprietary funds.* Cranberry Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water fund at the end of the year amounted to \$2,718,921, the sewer fund \$6,509,456, the golf course fund \$29,953, the swimming pool fund \$109,588, and the solid waste fund \$(712,085). Other factors concerning the finances of these funds have already been addressed in the discussion of Cranberry Township's business-type activities.

## General Fund Budgetary Highlights

There were no differences between the adopted original budget and the final budget. Revenues exceeded budgetary estimates by 17%. Increases in revenue can be seen in the Act 511 taxes, especially the business privilege/mercantile tax. Expenditures were 2% over budget. This was primarily due to a change in the process for making pension contributions. There was no need to draw upon existing fund balance.

## Capital Assets and Debt Administration

**Capital assets.** Cranberry Township's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$70,668,865 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure.

### Summary of Cranberry Township's Capital Assets

	Governmental Activities 2004	Business-type Activities 2004	Total
Land	2,273,627	3,285,597	5,559,224
<b>Total Non-Depreciable Assets</b>	<b>2,273,627</b>	<b>3,285,597</b>	<b>5,559,224</b>
Buildings	14,005,590	17,553,137	31,558,727
Site Improvements	2,585,754	4,237,891	6,823,645
Machinery, Equipment, Vehicles	6,324,647	15,660,442	21,985,089
Infrastructure	3,666,476	27,658,778	31,325,254
Carts – in service		590,336	590,336
Carts – not in service		113,544	113,544
<b>Total Depreciable Assets</b>	<b>26,582,467</b>	<b>65,814,128</b>	<b>92,396,595</b>
Accumulated Depreciation	(8,400,650)	(18,886,304)	(27,286,954)
Total Depreciable Assets, Net	18,181,817	46,927,824	65,109,641
<b>Total Capital Assets</b>	<b>20,455,444</b>	<b>50,213,421</b>	<b>70,668,865</b>

More detailed information about Cranberry Township's capital assets can be found in Note 6 of the notes to financial statements.

**Long-term debt.** At the end of the current fiscal year, Cranberry Township had total debt outstanding of \$52,163,234. Cranberry Township maintains a bond rating of A1 from Moody's Investor Service.

### **Cranberry Township's Outstanding Debt**

	Governmental Activities 2004	Business-type Activities 2004	Total
General Obligation Bonds	14,720,575	2,174,425	16,895,000
Taxable Notes	686,609		686,609
Promissory Notes	28,031	226,682	254,713
Revenue Bonds		34,265,000	34,265,000
Capital Leases		61,912	61,912
<b>Total</b>	<b>15,435,215</b>	<b>36,728,019</b>	<b>52,163,234</b>

More detailed information about Cranberry Township's long-term debt can be found in Note 5 of the notes to financial statements.

### **Economic Factors**

Cranberry Township's population grew by more than 60% in the 1990s. The December 31, 2004 population of 27,011 estimated by Cranberry Township's Planning and Community Development Department reflects 14% growth over four years from the 2000 census figure. Commercial growth continues to occur along Rt. 228. Residential growth continues throughout the Township.

Employment opportunities are derived from within the Township as well as from the City of Pittsburgh (less than a half an hour from Cranberry). The Township's two largest employers are TRACO (window manufacturer) and Verizon Wireless (customer service center). In addition, the Pittsburgh area contains many corporate headquarters, colleges, universities, and major health care facilities. The demographics of Cranberry Township are skewed toward a younger, healthier, better educated, more prosperous population than in most of Western Pennsylvania.

### **2005 Budget Highlights**

Amounts available for appropriation in the General fund budget are \$11,659,992, an increase of 2.06% over the final 2004 budget of \$11,425,062. The 2005 General Fund budget includes no property tax increase, continuation of current staffing levels, increased efforts in collection of Act 511 tax revenue, and investing in information technology to continue emphasis on operating efficiencies.

As for the Township's business-type activities, there are no increases in the sewer and water rates. The sewer collection system rehabilitation program continues to be funded to reduce infiltration and inflow to reduce operating costs at the treatment facility and to extend the time for the planned facility expansion.

## **Requests for Information**

This financial report is designed to provide a general overview of Cranberry Township's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Department, 2525 Rochester Road, Suite 400, Cranberry Township, PA 16066.

Questions regarding the Cranberry Public Library financial information should be directed to Cranberry Public Library, 2525 Rochester Road, Suite 300, Cranberry Township, PA 16066.

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004**

	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Cranberry Public Library</b>	<b>Other Component Units</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 429,498	\$ 406,768	\$ 836,266	\$ 161,148	\$ 21,328
Investments	7,273,129	8,776,564	16,049,693	215,854	-
Receivables:					
Taxes and fees	1,968,797	-	1,968,797	-	-
Customers - billed	-	904,237	904,237	-	-
Customers - unbilled	-	786,976	786,976	-	-
Other	-	96,668	96,668	-	-
Internal balances	772,464	(772,464)	-	-	-
Inventory	-	20,479	20,479	-	-
Restricted assets:					
Investment - debt service fund	-	450,444	450,444	-	-
Investment - sinking fund	-	2,324	2,324	-	-
Capital assets, net:					
Nondepreciable	2,273,627	3,285,597	5,559,224	-	-
Depreciable	18,181,817	46,927,824	65,109,641	300,985	1,644
Other assets, net:					
Advances to other funds	840,000	-	840,000	-	-
Unamortized bond issue costs and bond discounts	200,310	245,337	445,647	-	-
<b>Total Assets</b>	<u>31,939,642</u>	<u>61,130,754</u>	<u>93,070,396</u>	<u>677,987</u>	<u>22,972</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	441,184	318,942	760,126	-	-
Deferred revenue	41,149	263,489	304,638	-	-
Security deposits	-	129,881	129,881	-	-
Compensated absences	123,043	11,083	134,126	-	-
Advances from other funds	-	840,000	840,000	-	-
Long-term liabilities:					
Due within a year	1,161,732	768,287	1,930,019	-	-
Due in more than one year	14,273,483	32,983,499	47,256,982	-	-
<b>Total Liabilities</b>	<u>16,040,591</u>	<u>35,315,181</u>	<u>51,355,772</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,220,539	16,706,972	21,927,511	300,985	1,644
Restricted	-	452,768	452,768	-	-
Unrestricted	10,678,512	8,655,833	19,334,345	377,002	21,328
<b>Total Net Assets</b>	<u>\$ 15,899,051</u>	<u>\$ 25,815,573</u>	<u>\$ 41,714,624</u>	<u>\$ 677,987</u>	<u>\$ 22,972</u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

Program Revenues					Net (Expenses) Revenue and Changes in Net Assets				
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Cranberry Public Library	Other Component Units
Primary Government:									
Governmental activities:									
General government	\$ 3,273,014	\$ 636,114	\$ 17,671	\$ 1,020,264	\$ (1,598,965)	\$ -	\$ (1,598,965)	\$ -	\$ -
Public safety	4,036,613	769,529	270,729	5,000	(2,991,355)	-	(2,991,355)	-	-
Health and welfare	224,937	-	-	-	(224,937)	-	(224,937)	-	-
Highways, roads, and streets	4,792,196	-	644,026	1,060,969	(3,087,201)	-	(3,087,201)	-	-
Culture and recreation	1,355,187	586,685	-	-	(768,502)	-	(768,502)	-	-
Insurance and pension	550,720	-	369,742	-	(180,978)	-	(180,978)	-	-
Miscellaneous	23,762	97,068	-	-	73,306	-	73,306	-	-
Interest on long-term debt	558,343	-	-	-	(558,343)	-	(558,343)	-	-
Total governmental activities	14,814,772	2,089,396	1,302,168	2,086,233	(9,336,975)	-	(9,336,975)	-	-
Business-type activities:									
Water	3,025,189	3,289,286	-	601,871	-	865,968	865,968	-	-
Sewer	5,784,185	5,632,410	-	706,727	-	554,952	554,952	-	-
Golf course	2,117,662	1,706,775	-	-	-	(410,887)	(410,887)	-	-
Miscellaneous	857,246	680,771	-	-	-	(176,475)	(176,475)	-	-
Total business-type activities	11,784,282	11,309,242	-	1,308,598	-	833,558	833,558	-	-
Total primary government	\$ 26,599,054	\$ 13,398,638	\$ 1,302,168	\$ 3,394,831	(9,336,975)	833,558	(8,503,417)	-	-
Component Units:									
Cranberry Public Library, Inc.	\$ 622,901	\$ -	\$ 405,197	\$ 175,608	-	-	-	(42,096)	-
Cranberry Volunteer Fire Department	95,449	3,375	55,664	-	-	-	-	-	(36,410)
Total component units	\$ 718,350	\$ 3,375	\$ 460,861	\$ 175,608	-	-	-	(42,096)	(36,410)
General revenues:									
Taxes:									
Property taxes					4,628,436	-	4,628,436	-	-
Earned income taxes					3,784,073	-	3,784,073	-	-
Business privilege taxes					1,634,358	-	1,634,358	-	-
Occupational privilege taxes					189,169	-	189,169	-	-
Fines and forfeitures					-	-	-	31,153	-
Interest, rents, and royalties					176,146	240,481	416,627	16,046	44
Other					-	227,161	227,161	1,385	7,400
Transfers					631,226	(631,226)	-	-	-
Total general revenues and transfers					11,043,408	(163,584)	10,879,824	48,584	7,444
Change in net assets					1,706,433	669,974	2,376,407	6,488	(28,966)
Net assets at beginning of year - as previously stated					14,139,683	24,991,058	39,130,741	724,434	51,938
Prior period adjustment					52,935	154,541	207,476	(52,935)	-
Net assets at beginning of year - restated					14,192,618	25,145,599	39,338,217	671,499	51,938
Change in net assets					1,706,433	669,974	2,376,407	6,488	(28,966)
Net assets at end of year					\$ 15,899,051	\$ 25,815,573	\$ 41,714,624	\$ 677,987	\$ 22,972

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF CRANBERRY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**DECEMBER 31, 2004**

	<b><u>General Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 425,905	\$ -	\$ 3,593	\$ 429,498
Investments	1,879,328	520,242	4,873,559	7,273,129
Taxes and fees receivable	1,965,742	-	3,055	1,968,797
Due from other funds	1,388,257	200,000	29,931	1,618,188
Advances to other funds	<u>-</u>	<u>-</u>	<u>840,000</u>	<u>840,000</u>
<b>Total Assets</b>	<b><u>\$ 5,659,232</u></b>	<b><u>\$ 720,242</u></b>	<b><u>\$ 5,750,138</u></b>	<b><u>\$ 12,129,612</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 248,210	\$ 52,709	\$ 140,265	\$ 441,184
Due to other funds	307,852	141,008	396,864	845,724
Deferred revenue	41,149	-	-	41,149
Compensated absences	<u>123,043</u>	<u>-</u>	<u>-</u>	<u>123,043</u>
<b>Total Liabilities</b>	<b><u>720,254</u></b>	<b><u>193,717</u></b>	<b><u>537,129</u></b>	<b><u>1,451,100</u></b>
Fund Balance:				
Reserved	-	-	840,000	840,000
Unreserved	4,938,978	526,525	-	5,465,503
Unreserved, reported in non-major:				
Special revenue funds	-	-	719,409	719,409
Capital projects funds	<u>-</u>	<u>-</u>	<u>3,653,600</u>	<u>3,653,600</u>
<b>Total Fund Balance</b>	<b><u>4,938,978</u></b>	<b><u>526,525</u></b>	<b><u>5,213,009</u></b>	<b><u>10,678,512</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 5,659,232</u></b>	<b><u>\$ 720,242</u></b>	<b><u>\$ 5,750,138</u></b>	<b><u>\$ 12,129,612</u></b>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF CRANBERRY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$10,678,512</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,455,444
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Bond issue costs and discounts to be amortized over the life of the debt are reported in the funds as expenditures when debt is first issued.	200,310
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(15,435,215)</u>
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<b>Net Assets - Governmental Activities</b>	<b><u>\$15,899,051</u></b>
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**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE**  
**GOVERNMENTAL FUNDS**

**YEAR ENDED DECEMBER 31, 2004**

	<b><u>General Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>REVENUES</b>				
Taxes	\$ 9,444,952	\$ -	\$ 791,084	\$ 10,236,036
Licenses, permits, and fees	175,165	40,455	140,400	356,020
Fines and forfeitures	93,264	-	-	93,264
Interest, rents, and royalties	61,003	24,780	90,361	176,144
Intergovernmental revenue	582,072	-	725,096	1,307,168
Developer contributions	-	-	1,020,514	1,020,514
Charges for services	1,583,501	-	-	1,583,501
Miscellaneous	<u>97,068</u>	<u>-</u>	<u>-</u>	<u>97,068</u>
Total revenues	<u>12,037,025</u>	<u>65,235</u>	<u>2,767,455</u>	<u>14,869,715</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,489,915	-	-	2,489,915
Public safety	3,473,476	-	304,073	3,777,549
Health and welfare	224,937	-	-	224,937
Highways, roads and streets	1,760,152	-	2,058,161	3,818,313
Culture and recreation	1,095,107	-	233,426	1,328,533
Insurance and pension	550,720	-	-	550,720
Miscellaneous	23,762	-	-	23,762
Debt service:				
Principal retirement	795,913	228,870	123,931	1,148,714
Interest charges	343,600	-	204,672	548,272
Bond issuance costs	2,525	-	-	2,525
Capital outlay	<u>-</u>	<u>3,435,070</u>	<u>277,425</u>	<u>3,712,495</u>
Total expenditures	<u>10,760,107</u>	<u>3,663,940</u>	<u>3,201,688</u>	<u>17,625,735</u>
Excess (deficiency) of revenues over expenditures	<u>1,276,918</u>	<u>(3,598,705)</u>	<u>(434,233)</u>	<u>(2,756,020)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	1,350,000	150,000	1,600,000
Transfers out	<u>(900,000)</u>	<u>(68,774)</u>	<u>-</u>	<u>(968,774)</u>
Total other financing sources (uses)	<u>(800,000)</u>	<u>1,281,226</u>	<u>150,000</u>	<u>631,226</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>476,918</u>	<u>(2,317,479)</u>	<u>(284,233)</u>	<u>(2,124,794)</u>
<b>FUND BALANCE - JANUARY 1, 2004 - AS PREVIOUSLY STATED</b>	4,462,060	2,844,004	5,444,307	12,750,371
Prior period adjustment	<u>-</u>	<u>-</u>	<u>52,935</u>	<u>52,935</u>
<b>FUND BALANCE - JANUARY 1, 2004 - RESTATED</b>	4,462,060	2,844,004	5,497,242	12,803,306
<b>NET CHANGES IN FUND BALANCE</b>	<u>476,918</u>	<u>(2,317,479)</u>	<u>(284,233)</u>	<u>(2,124,794)</u>
<b>FUND BALANCE - DECEMBER 31, 2004</b>	<u>\$ 4,938,978</u>	<u>\$ 526,525</u>	<u>\$ 5,213,009</u>	<u>\$ 10,678,512</u>

The accompanying notes are an integral part  
of these financial statements.

**TOWNSHIP OF CRANBERRY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

**DECEMBER 31, 2004**

<b>Net Changes in Fund Balance - Total Governmental Funds</b>	\$ (2,124,794)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,669,795
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,020,264
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>1,141,168</u>
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<b>Change in Net Assets - Governmental Activities</b>	<u><u>\$ 1,706,433</u></u>
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**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**

**DECEMBER 31, 2004**

	MAJOR FUNDS			NON-MAJOR FUNDS	Total
	Water	Sewer	Golf Course		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 405,617	\$ -	\$ 1,150	\$ 1	\$ 406,768
Investments	1,982,101	5,634,352	680,659	479,452	8,776,564
Accounts receivable:					
Customers - billed	297,740	464,301	-	142,196	904,237
Customers - unbilled	310,597	476,379	-	-	786,976
Other	96,668	-	-	-	96,668
Due from other funds	30,839	106,701	-	80,118	217,658
Inventory	-	-	20,479	-	20,479
Total current assets	3,123,562	6,681,733	702,288	701,767	11,209,350
Non-current assets:					
Restricted assets:					
Investment - debt service fund	-	439	450,005	-	450,444
Investment - bond sinking fund	-	-	2,324	-	2,324
Capital assets:					
Land	41,517	140,633	3,103,447	-	3,285,597
Buildings	3,416,568	8,761,842	2,877,947	2,496,780	17,553,137
Site improvements	346,146	269,103	3,622,642	-	4,237,891
Machinery, equipment, and vehicles	822,209	14,097,194	714,795	26,244	15,660,442
Infrastructure	11,756,690	15,902,088	-	-	27,658,778
Carts - in service	-	-	-	590,336	590,336
Carts - not in service	-	-	-	113,544	113,544
Less: accumulated depreciation	(4,810,220)	(12,358,829)	(994,681)	(722,574)	(18,886,304)
Other assets:					
Unamortized bond issue costs	-	126,280	119,057	-	245,337
Total non-current assets	11,572,910	26,938,750	9,895,536	2,504,330	50,911,526
Total Assets	\$ 14,696,472	\$ 33,620,483	\$ 10,597,824	\$ 3,206,097	\$ 62,120,876
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	144,928	73,149	33,840	67,025	318,942
Due to other funds	126,603	96,929	579,583	187,007	990,122
Deferred revenue	-	-	53,257	210,232	263,489
Security deposits	129,881	-	-	-	129,881
Compensated absences	3,229	2,199	5,655	-	11,083
Long-term debt - current portion	-	785,510	58,526	64,471	908,507
Total current liabilities	404,641	957,787	730,861	528,735	2,622,024
Non-current liabilities:					
Long-term debt - net of current maturities:					
General obligation bonds	-	-	-	2,109,954	2,109,954
Revenue bonds	-	24,390,000	9,150,000	-	33,540,000
Capital leases	-	-	8,386	-	8,386
Notes payable	-	161,172	-	-	161,172
Advances from other funds	-	-	-	840,000	840,000
Deferred loss on early retirement of debt	-	(2,401,085)	-	-	(2,401,085)
Unamortized bond discount	-	(412,960)	(86,488)	-	(499,448)
Unamortized underwriter's discount	-	-	(75,700)	-	(75,700)
Total non-current liabilities	-	21,737,127	8,996,198	2,949,954	33,683,279
Total Liabilities	404,641	22,694,914	9,727,059	3,478,689	36,305,303
NET ASSETS					
Invested in capital assets - net of related debt	11,572,910	4,415,674	388,483	329,905	16,706,972
Restricted for debt retirement	-	439	452,329	-	452,768
Unrestricted	2,718,921	6,509,456	29,953	(602,497)	8,655,833
Total Net Assets	\$ 14,291,831	\$ 10,925,569	\$ 870,765	\$ (272,592)	\$ 25,815,573

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS**  
**PROPRIETARY FUNDS**

**YEAR ENDED DECEMBER 31, 2004**

	<b>MAJOR FUNDS</b>			<b>NON-MAJOR FUNDS</b>	<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,289,286	\$ 5,632,410	\$ 1,706,775	\$ 680,771	\$ 11,309,242
Penalties and interest	23,046	27,621	-	1,544	52,211
Miscellaneous revenues	41	651	-	4,148	4,840
Total operating revenues	<u>3,312,373</u>	<u>5,660,682</u>	<u>1,706,775</u>	<u>686,463</u>	<u>11,366,293</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	548,832	988,026	515,426	214,505	2,266,789
Payroll taxes	44,147	78,148	41,321	16,323	179,939
Employee benefits	84,742	147,126	71,614	5,438	308,920
Depreciation	374,904	1,394,942	372,024	113,053	2,254,923
Insurance and pension	59,535	98,353	78,897	9,008	245,793
Advertising	1,052	1,052	7,737	3,522	13,363
Dues and subscriptions	362	106	3,149	-	3,617
Conferences and training	1,467	6,907	736	-	9,110
Postage and shipping	9,359	8,322	287	-	17,968
Printing and reproduction	5,348	2,806	545	2,806	11,505
Uniforms	3,632	9,052	4,135	6,408	23,227
Materials and supplies	43,658	162,608	47,371	18,797	272,434
Collection and disposal cost	-	-	-	207,166	207,166
Water purchase	1,616,202	-	-	-	1,616,202
Chemicals	-	234,559	105,258	20,265	360,082
Laboratory	15,764	43,106	-	-	58,870
Telephone and utilities	44,993	292,742	51,960	55,911	445,606
Repairs and maintenance	40,352	631,513	31,389	15,674	718,928
Minor equipment rental and purchase	21,320	32,440	70,116	28,853	152,729
Vehicle expense	18,305	26,016	-	-	44,321
Professional and other services	84,613	315,440	41,395	-	441,448
Concession and other products and services	-	-	182,732	43,511	226,243
Miscellaneous expenses	1,072	1,096	-	-	2,168
Administrative expenses	5,530	14,082	29,474	19,273	68,359
Total operating expenses	<u>3,025,189</u>	<u>4,488,442</u>	<u>1,655,566</u>	<u>780,513</u>	<u>9,949,710</u>
Operating Income (loss)	<u>287,184</u>	<u>1,172,240</u>	<u>51,209</u>	<u>(94,050)</u>	<u>1,416,583</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	41,049	48,884	18,649	3,040	111,622
Rental income	76,648	-	-	-	76,648
Other income	-	222,321	-	-	222,321
Interest expense and debt issuance costs	-	(1,295,743)	(462,096)	(76,733)	(1,834,572)
Total non-operating revenues (expenses)	<u>117,697</u>	<u>(1,024,538)</u>	<u>(443,447)</u>	<u>(73,693)</u>	<u>(1,423,981)</u>
Income (loss) before contributions and transfers	404,881	147,702	(392,238)	(167,743)	(7,398)
<b>CAPITAL CONTRIBUTIONS</b>	601,871	706,727	-	-	1,308,598
<b>TRANSFERS IN</b>	-	-	68,774	150,000	218,774
<b>TRANSFERS OUT</b>	<u>(340,000)</u>	<u>(510,000)</u>	<u>-</u>	<u>-</u>	<u>(850,000)</u>
Change in net assets	<u>666,752</u>	<u>344,429</u>	<u>(323,464)</u>	<u>(17,743)</u>	<u>669,974</u>
<b>TOTAL NET ASSETS - JANUARY 1, 2004 - AS PREVIOUSLY STATED</b>	13,517,624	10,581,140	1,147,143	(254,849)	24,991,058
Prior period adjustment	<u>107,455</u>	<u>-</u>	<u>47,086</u>	<u>-</u>	<u>154,541</u>
<b>TOTAL NET ASSETS - JANUARY 1, 2004 - RESTATED</b>	13,625,079	10,581,140	1,194,229	(254,849)	25,145,599
Change in net assets	<u>666,752</u>	<u>344,429</u>	<u>(323,464)</u>	<u>(17,743)</u>	<u>669,974</u>
<b>TOTAL NET ASSETS - DECEMBER 31, 2004</b>	<u>\$ 14,291,831</u>	<u>\$ 10,925,569</u>	<u>\$ 870,765</u>	<u>\$ (272,592)</u>	<u>\$ 25,815,573</u>

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

**YEAR ENDED DECEMBER 31, 2004**

	<b>MAJOR FUNDS</b>			<b>NON-MAJOR FUNDS</b>	<b>Total</b>
	<u>Water</u>	<u>Sewer</u>	<u>Golf Course</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,187,790	\$ 5,528,897	\$ 1,719,188	\$ 750,351	\$ 11,186,226
Payments to suppliers	(2,009,886)	(2,166,477)	(710,154)	(394,356)	(5,280,873)
Payments to employees	(562,974)	(1,008,752)	(518,539)	(215,536)	(2,305,801)
Internal activity - net payments from (to) other funds	103,388	66,567	208,919	846,576	1,225,450
Other receipts (payments), net	(65,087)	6,278	-	4,148	(54,661)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>653,231</u>	<u>2,426,513</u>	<u>699,414</u>	<u>991,183</u>	<u>4,770,341</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating subsidies and transfers from (to) other funds, net	(340,000)	(510,000)	68,774	150,000	(631,226)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(56,184)	(29,545)	(140,329)	(703,880)	(929,938)
Principal paid on capital debt	-	(759,505)	(62,057)	(63,006)	(884,568)
Interest paid on capital debt	-	(1,155,728)	(451,314)	(76,733)	(1,683,775)
Other receipts (payments)	-	222,321	-	-	222,321
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(56,184)</u>	<u>(1,722,457)</u>	<u>(653,700)</u>	<u>(843,619)</u>	<u>(3,275,960)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	41,049	48,884	18,649	3,040	111,622
Rental income	76,648	-	-	-	76,648
Net sales (purchases) of investments	(94,015)	(242,940)	(133,412)	(300,612)	(770,979)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>23,682</u>	<u>(194,056)</u>	<u>(114,763)</u>	<u>(297,572)</u>	<u>(582,709)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>280,729</u>	<u>-</u>	<u>(275)</u>	<u>(8)</u>	<u>280,446</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>124,888</u>	<u>-</u>	<u>1,425</u>	<u>9</u>	<u>126,322</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 405,617</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 1</u>	<u>\$ 406,768</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 287,184	\$ 1,172,240	\$ 51,209	\$ (94,050)	\$ 1,416,583
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	374,904	1,394,942	372,024	113,053	2,254,923
Prior period adjustment - capital assets	-	-	-	-	-
Prior period adjustment - net assets	107,455	-	47,086	-	154,541
Change in assets and liabilities:					
Receivables, net	(124,542)	(131,134)	-	(142,196)	(397,872)
Due from other funds	46,349	12,462	-	(22,062)	36,749
Inventories	-	-	9,830	-	9,830
Due to other funds	57,039	54,105	208,919	28,638	348,701
Accounts payable and accrued expenses	(16,108)	(66,777)	1,847	59,061	(21,977)
Security deposits	(62,227)	-	-	-	(62,227)
Compensated absences	(13,922)	(14,952)	(3,914)	(1,493)	(34,281)
Advance deposits from developers	(2,901)	5,627	-	-	2,726
Advances from other funds	-	-	-	840,000	840,000
Deferred revenue	-	-	12,413	210,232	222,645
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 653,231</u>	<u>\$ 2,426,513</u>	<u>\$ 699,414</u>	<u>\$ 991,183</u>	<u>\$ 4,770,341</u>
<b>Supplementary Information:</b>					
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Infrastructure contributed by developers	\$ 601,871	\$ 706,727	\$ -	\$ -	\$ 1,308,598

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

**DECEMBER 31, 2004**

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	<b>Police Pension <u>Fund</u></b>	<b>Municipal Employees' Pension <u>Fund</u></b>	<b>Township Deferred Compensation <u>Fund</u></b>	<b>Sewer and Water Deferred Compensation <u>Fund</u></b>	<b>Total Pension (and other employee benefit) <u>Trust Funds</u></b>
<b>ASSETS</b>					
Interest receivable	\$ 7,312	\$ 3,230	\$ -	\$ -	\$ 10,542
Investments	5,034,945	1,814,427	2,903,806		9,753,178
Loans to participants	<u>-</u>	<u>-</u>	<u>24,471</u>	<u>-</u>	<u>24,471</u>
Total assets	<u>\$ 5,042,257</u>	<u>\$ 1,817,657</u>	<u>\$ 2,928,277</u>	<u>\$ -</u>	<u>\$ 9,788,191</u>
<b>NET ASSETS</b>					
Held in trust for pension benefits and other purposes	<u>\$ 5,042,257</u>	<u>\$ 1,817,657</u>	<u>\$ 2,928,277</u>	<u>\$ -</u>	<u>\$ 9,788,191</u>

The accompanying notes are an integral part  
of these financial statements.

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

**YEAR ENDED DECEMBER 31, 2004**

	<b>Police Pension <u>Fund</u></b>	<b>Municipal Employees' Pension <u>Fund</u></b>	<b>Township Deferred Compensation <u>Fund</u></b>	<b>Sewer and Water Deferred Compensation <u>Fund</u></b>	<b>Total Pension (and other employee benefit) <u>Trust Funds</u></b>
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ -	\$ -	\$ 133,543	\$ -	\$ 133,543
Plan members	70,605	-	280,090	3,247	353,942
Plan member rollovers and transfers in	-	-	475,321	-	475,321
Intergovernmental revenues	<u>198,203</u>	<u>345,036</u>	<u>-</u>	<u>-</u>	<u>543,239</u>
Total contributions	<u>268,808</u>	<u>345,036</u>	<u>888,954</u>	<u>3,247</u>	<u>1,506,045</u>
Investment earnings:					
Net increase (decrease) in fair value of investments	298,036	98,619	164,141	11,066	571,862
Interest and dividends	<u>87,367</u>	<u>30,505</u>	<u>2,220</u>	<u>-</u>	<u>120,092</u>
Total investment earnings	<u>385,403</u>	<u>129,124</u>	<u>166,361</u>	<u>11,066</u>	<u>691,954</u>
Total additions	<u>654,211</u>	<u>474,160</u>	<u>1,055,315</u>	<u>14,313</u>	<u>2,197,999</u>
<b>DEDUCTIONS</b>					
Benefits	118,772	31,518	45,407	-	195,697
Other distributions and transfers out	-	-	-	654,063	654,063
Administration and miscellaneous	<u>25,827</u>	<u>(1,774)</u>	<u>1,746</u>	<u>395</u>	<u>26,194</u>
Total deductions	<u>144,599</u>	<u>29,744</u>	<u>47,153</u>	<u>654,458</u>	<u>875,954</u>
Change in net assets	509,612	444,416	1,008,162	(640,145)	1,322,045
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	<u>4,532,645</u>	<u>1,373,241</u>	<u>1,920,115</u>	<u>640,145</u>	<u>8,466,146</u>
<b>NET ASSETS - END OF THE YEAR</b>	<u>\$ 5,042,257</u>	<u>\$ 1,817,657</u>	<u>\$ 2,928,277</u>	<u>\$ -</u>	<u>\$ 9,788,191</u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Cranberry (the "Township") is a second-class township organized under laws of the Commonwealth of Pennsylvania. The Township operates under a supervisors-manager form of government and provides the following services: public safety, highways and streets, health and welfare, recreation, public improvements, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Township has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Township has chosen not to do so. The more significant accounting policies established in GAAP and used by the Township are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- a. For the first time the financial statements include:
  - 1) A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
  - 2) Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (roads, bridges, etc.).
- b. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Township implemented the general provisions of the Statement in the year ended December 31, 2003 and plans to retroactively report infrastructure (assets acquired prior to January 1, 2003) by the fiscal year ending December 31, 2007.

**A. REPORTING ENTITY**

These financial statements present the Township (the primary government) and its discretely presented component units - Cranberry Public Library, Inc. and Cranberry Volunteer Fire Department. As defined by GASBS No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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Cranberry Public Library, Inc. was formed in 1973 to establish, operate, and maintain a library in the Township. The Library is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Although the Library is a legally separate entity, the Township's Board of Supervisors appoints a majority of the Library's board of directors. The Library issues separate audited financial statements, which are available at the Library's offices.

Cranberry Volunteer Fire Department (the "Fire Department") was formed in 1959 to provide emergency and fire protection services to the residents of the Township. The Fire Department is a not-for-profit corporation exempt from Federal income tax under Section 501(a) of the Internal Revenue Code. Although the Fire Department is a legally separate entity, the Township provides a significant amount of financial support to the Fire Department. The Fire Department does not issue separate audited financial statements.

**B. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Township's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The Township's water and sewer services, swimming pool, and golf course are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts—invested in capital assets - net of related debt, restricted net assets, and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, earned income, business privilege, and occupation taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (tax receipts, intergovernmental revenues, interest income, etc).

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**C. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS**

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

**1. Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- a. General fund** is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

**2. Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Township:

- a. Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

**3. Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 90 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. For purposes of the basic financial statements, the Township considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired.

**2. Investments:**

Investments, including deferred compensation and pension funds, are stated at fair value (quoted market price or the best available estimate).

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**3. Inventories:**

Inventories in the proprietary funds are carried at cost using the first-in, first-out method.

**4. Capital Assets:**

Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Township's threshold for capitalization of assets is as follows :

Land and land improvements	\$1
Building and building improvements	\$1
Construction in process	\$1
Machinery, equipment, and vehicles	\$5,000
Infrastructure	\$50,000
Improvements other than land and buildings	\$5,000

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20–50 years
Machinery, equipment, and vehicles	5–20 years
Site improvements	10–20 years
Infrastructure	10–60 years

Capitalizable costs incurred on projects which are not in use or ready for use are held in construction in progress. For proprietary funds, the Township follows the policy of capitalizing interest as a component of the cost of property, plant and equipment constructed for its own use. When the asset is ready for use, costs relating thereto are transferred to property, plant and equipment. Upon determination that a project will be abandoned, the related costs are charged to expense.

Interest costs of proprietary fund capital assets are capitalized when incurred on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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GASBS No. 34 required the Township to report and depreciate new infrastructure assets effective with the year ended December 31, 2003.. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Township. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is effective for fiscal years beginning after June 15, 2006. The Township implemented the general provisions of GASBS No. 34 during the year ended December 31, 2003 and will implement the retroactive infrastructure provisions no later than in the year ending December 31, 2007.

**5. Revenues:**

Substantially all governmental fund revenues are accrued. Property taxes are billed and generally collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**6. Expenditures:**

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**7. Compensated Absences:**

The Township accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee. Since the liability calculated by the Township is insignificant, it is considered current for financial statement purposes.

**8. Interfund Activity:**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers are permanent reallocations of resources between funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. For purposes of the statement of activities, all interfund transfers between individual governmental fund have been eliminated.

**9. Encumbrances:**

Encumbrance accounting is not used in the financial statements included in this report.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**10. Prior Period Adjustments:**

Certain reclassifications and restatements have been made with respect to the prior year's balances to provide a presentation consistent with the current year. Significant information is as follows:

**a. Proprietary funds** - Errors were discovered in the golf course fund and the sewer fund, relating to a previously unrecorded capital asset and a previously unrecorded receivable, respectively. This required the following restatement to beginning net assets:

Total fund equity at January 1, 2004 - Proprietary Funds	\$ 24,991,058
Change in accounting principle	<u>154,541</u>
Restated net assets - Proprietary Funds - January 1, 2004	<u><u>\$ 25,145,599</u></u>

**b. Governmental funds** - An error was discovered in the liability due to a component unit at the beginning of the year. This required the following restatement to beginning fund balance:

Total fund balance at January 1, 2004 - Governmental Funds	\$ 12,750,371
Correction of an error	<u>52,935</u>
Restated fund balance - Governmental Funds - January 1, 2004	<u><u>\$ 12,803,306</u></u>

**11. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

Annual budgets for the general and special revenue funds are adopted on a budgetary basis of accounting whereby revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The differences between the basis used and that which is consistent with generally accepted accounting principles is not significant. All annual appropriations lapse at fiscal year end.

**Excess of expenditures over appropriations**

For the year ended December 31, 2004, expenditures exceed appropriations in the general fund by \$235,045. These overexpenditures were funded by greater than anticipated revenues in that fund.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 3 - PROPERTY TAXES**

The Township's elected tax collector bills and collects property taxes for the Township and County. Collections of property taxes are deposited to the tax collector's checking account and transferred to the Township no less than monthly and normally every week.

The millage for 2004 was 14.20 mills applied to an assessable base of \$230,520,469.

The Township apportions the millage and property taxes collected in the following manner:

General fund	10.70 mills
Fire protection fund	1.50 mills
Fire capital fund	1.00 mills
Library fund	1.00 mills

Delinquent taxes are considered fully collectible.

The Township's property tax calendar is as follows:

Discount of 2% if paid by April 30  
Face value if paid by June 30  
Penalty of 10% if paid between July 1 and February 1

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Individual fund receivable/payable balances as of December 31, 2004 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General fund	\$ 1,388,257	\$ 307,852
Capital projects fund	200,000	141,008
Water	30,839	126,603
Sewer	106,701	96,929
Golf course	-	579,583
Non-major governmental funds	29,931	396,864
Non-major proprietary funds	<u>80,118</u>	<u>187,007</u>
	<u>\$ 1,835,846</u>	<u>\$ 1,835,846</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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A summary of interfund transfers during the year ended December 31, 2004 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 100,000	\$ 900,000
Capital projects fund	1,350,000	68,774
Water	-	340,000
Sewer	-	510,000
Golf course	68,774	-
Non-major governmental funds	150,000	-
Non-major proprietary funds	<u>150,000</u>	<u>-</u>
	<u>\$ 1,818,774</u>	<u>\$ 1,818,774</u>

**NOTE 5 - LONG-TERM DEBT**

A summary of long-term liability activity for the year ended December 31, 2004 is as follows. Additional detailed information is available on the following pages.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
General obligation bonds	\$ 15,632,569	\$ -	\$ (911,994)	\$ 14,720,575	\$ 925,529
Taxable notes	915,479	-	(228,870)	686,609	228,870
Promissory notes	<u>35,879</u>	<u>-</u>	<u>(7,848)</u>	<u>28,031</u>	<u>7,333</u>
	<u>\$ 16,583,927</u>	<u>\$ -</u>	<u>\$ (1,148,712)</u>	<u>\$ 15,435,215</u>	<u>\$ 1,161,732</u>
Business-type activities:					
General obligation bonds	\$ 2,237,431	\$ -	\$ (63,006)	\$ 2,174,425	\$ 64,471
Revenue bonds	34,965,000	-	(700,000)	34,265,000	725,000
Promissory notes	291,187	-	(64,505)	226,682	65,510
Capital leases	<u>118,969</u>	<u>-</u>	<u>(57,057)</u>	<u>61,912</u>	<u>53,526</u>
	<u>\$ 37,612,587</u>	<u>\$ -</u>	<u>\$ (884,568)</u>	<u>\$ 36,728,019</u>	<u>\$ 908,507</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**General Obligation Bonds**

General obligation bonds are backed by the full faith and credit of the Township. General obligation bonds issued in current and prior years and reported as liabilities of the Township's governmental activities and business-type activities are as follows:

				<u>Year-end Balances</u>	
<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2001C	\$ 6,060,000	2021	2.20-5.00%	\$ 5,415,000	\$ -
2003	3,420,000	2009	1.20-3.05%	2,580,000	-
2003A	7,885,000	2016	1.10-4.03%	5,245,575	2,174,425
2003B	1,535,000	2025	1.65-4.60%	1,480,000	-
				<u>\$ 14,720,575</u>	<u>\$ 2,174,425</u>
Amount due within one year				<u>\$ 925,529</u>	<u>\$ 64,471</u>

The future annual payments required to amortize general obligation bonds outstanding as of December 31, 2004 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 990,000	\$ 606,273	\$ 1,596,273
2006	1,010,000	585,053	1,595,053
2007	1,040,000	561,090	1,601,090
2008	1,080,000	531,445	1,611,445
2009	1,115,000	498,723	1,613,723
2010-2014	6,090,000	1,936,440	8,026,440
2015-2019	4,150,000	775,548	4,925,548
2020-2024	1,315,000	152,063	1,467,063
2025	<u>105,000</u>	<u>4,778</u>	<u>109,778</u>
	<u>\$ 16,895,000</u>	<u>\$ 5,651,413</u>	<u>\$ 22,546,413</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**Revenue Bonds**

Revenue bonds are secured by the receipts and revenues collected by the service or fund of benefit. Revenue bonds issued in prior years and reported as liabilities of the Township's business-type activities are as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2001	\$ 9,165,000	2031	3.70-5.10%	\$ 9,155,000
2001B	28,255,000	2025	2.30-5.00%	<u>25,110,000</u>
				<u>\$ 34,265,000</u>
Amount due within one year				<u>\$ 725,000</u>

The future annual payments required to amortize revenue bonds outstanding as of December 31, 2004 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 725,000	\$ 1,577,003	\$ 2,302,003
2006	925,000	1,551,605	2,476,605
2007	995,000	1,520,325	2,515,325
2008	1,030,000	1,484,725	2,514,725
2009	1,085,000	1,445,973	2,530,973
2010-2014	6,225,000	6,534,423	12,759,423
2015-2019	7,770,000	5,024,008	12,794,008
2020-2024	9,955,000	2,903,935	12,858,935
2025-2029	4,360,000	730,123	5,090,123
2030-2031	<u>1,195,000</u>	<u>61,838</u>	<u>1,256,838</u>
	<u>\$ 34,265,000</u>	<u>\$ 22,833,958</u>	<u>\$ 57,098,958</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Taxable Notes**

Taxable notes are secured by the full faith and credit of the Township. Taxable notes issued in current and prior years and reported as liabilities of the Township's governmental activities are as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2003	\$ 915,479	2007	0.00%	<u>\$ 686,609</u>
Amount due within one year				<u>\$ 228,870</u>

The future annual payments required to amortize the taxable note outstanding as of December 31, 2004 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 228,870	\$ -	\$ 228,870
2006	228,870	-	228,870
2007	<u>228,869</u>	<u>-</u>	<u>228,869</u>
	<u>\$ 686,609</u>	<u>\$ -</u>	<u>\$ 686,609</u>

**Promissory Notes**

Promissory notes are secured by the related equipment or other property. Promissory notes issued in prior years and reported as liabilities of the Township's governmental and business-type activities are as follows:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>	
					<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fire truck	1994	\$ 100,000	2008	2.00%	\$ 28,031	\$ -
Sewer	1989	677,103	2006	0.00%	-	79,659
Sewer	1990	444,000	2010	3.99%	<u>-</u>	<u>147,023</u>
					<u>\$ 28,031</u>	<u>\$ 226,682</u>
Amount due within one year					<u>\$ 7,333</u>	<u>\$ 65,510</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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The future annual payments required to amortize promissory notes outstanding as of December 31, 2004 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 72,843	\$ 5,865	\$ 78,708
2006	74,712	4,706	79,418
2007	36,135	3,452	39,587
2008	33,171	2,169	35,340
2009	30,128	965	31,093
2010	<u>7,724</u>	<u>52</u>	<u>7,776</u>
	<u>\$ 254,713</u>	<u>\$ 17,209</u>	<u>\$ 271,922</u>

**Capital Leases**

Capital leases are secured by the related equipment or other property. Capital leases issued in prior years and reported as liabilities of the Township's business-type activities are as follows:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
Golf carts	2001	\$ 116,660	2005	5.00%	\$ 23,683
Golf carts	2002	106,515	2006	5.70%	<u>38,229</u>
					<u>\$ 61,912</u>
Amount due within one year					<u>\$ 53,526</u>

The future annual payments required to amortize capital leases outstanding as of December 31, 2004 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 53,526	\$ 1,988	\$ 55,514
2006	<u>8,386</u>	<u>70</u>	<u>8,456</u>
	<u>\$ 61,912</u>	<u>\$ 2,058</u>	<u>\$ 63,970</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Bond Refundings - Governmental Activities**

In 1998, the Township issued 1998 Series General Obligation Bonds. The purpose of this issue was to defease the 1992 Series General Obligation Bonds. Proceeds of this issue in the amount of \$4,797,786 were deposited in a special and irrevocable escrow fund, the purpose of which is to liquidate the 1992 Series Bonds and related interest in accordance with the terms of the 1992 issue.

Also in 1998, the Township issued 1998 Series A General Obligation Bonds. The purpose of this issue was to defease the 1996 Series General Obligation Bonds and to repay an unsecured 1997 loan. With respect to the defeasing, proceeds of this issue in the amount of \$6,926,470 were deposited in a special and irrevocable escrow fund, the purpose of which is to liquidate the 1996 Series Bonds and related interest in accordance with the terms of the 1996 issue.

In 2003, the Township issued the Refunding Series of 2003 General Obligation Bonds, the proceeds of which were used to currently refund the 1998 Series General Obligation Bonds.

Also in 2003, the Township issued the Refunding Series A of 2003 General Obligation Bonds, the proceeds of which were used to currently refund the 1998 Series A General Obligation Bonds.

A portion of the 1998 Series A Bonds had been allocated to the Swimming Pool proprietary fund, and that portion was also refunded. This current refunding, as pertains to the Swimming Pool fund, reduced total debt service payments over the next 13 years by approximately \$316,000. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$240,000.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**Bond Refundings - Sewer Fund**

On November 20, 1997, the Municipal Sewer and Water Authority of Cranberry Township issued \$30,615,000 of bonds to provide funds for additions and improvements to the Authority's Brush Creek Water Pollution Control Facility and other sewer system improvements; to advance refund the Authority's Sewer and Water Revenue Refunding Bonds, Series of 1993; to pay approximately 12 months of interest on the 1997 Bonds; to fund the 1997 Debt Service Reserve Fund; and to pay the costs of issuing and selling the 1997 Bonds, including the costs of insurance.

As a result of the deposits of the government obligations with the prior trustee under the Trust Agreement, the 1993 Bonds were defeased and shall no longer be outstanding under the Trust Indenture dated as of January 1, 1989, between the Authority and the prior Trustee, as amended and supplemented.

On November 15, 2001, and concurrent with the merger, the Township issued \$28,255,000 of general obligation bonds to advance refund the 1997 bonds and to pay the costs of issuing and insuring the 2001 Series B General Obligation Bonds. Proceeds of this issue in the amount of \$31,457,220 have been deposited in a special and irrevocable escrow fund, the purpose of which is to liquidate the 1997 Series Bonds and related interest in accordance with the terms of the 1997 issue.

The refunding of the 1997 bonds generated a loss on defeasance of \$2,744,097, which is deferred and is amortized over the amortization period of the 2001 bonds.

**Prior Year Defeasance of Debt - Sewer Fund**

In prior years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. As of December 31, 2004, the following bonds are considered defeased:

<u>Bond Series</u>	<u>Defeased Balance</u>
Series 1964	\$ 89,000
Series 1993	\$ 3,080,000
Series 1997	\$ 29,425,000

**Escrow Restructuring - Sewer Fund**

The Township restructured the escrow accounts on the sewer bonds during the year ended December 31, 2004. This restructuring provided income to the Township in the amount of \$222,321, which is reflected in other income of the Sewer Fund.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 - CAPITAL ASSETS**

**Primary Government**

Capital asset activity for the year ended December 31, 2004 was as follows:

	January 1, <u>2004</u>	<u>Additions</u>	<u>Disposals</u>	December 31, <u>2004</u>
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 2,273,627	\$ -	\$ -	\$ 2,273,627
Construction in process	<u>357,934</u>	<u>-</u>	<u>357,934</u>	<u>-</u>
Total non-depreciable capital assets	<u>\$ 2,631,561</u>	<u>\$ -</u>	<u>\$ 357,934</u>	<u>\$ 2,273,627</u>
Depreciable capital assets:				
Buildings	11,046,800	2,958,790	-	14,005,590
Site improvements	2,508,071	77,683	-	2,585,754
Machinery, equipment, and vehicles	6,170,733	183,914	30,000	6,324,647
Infrastructure	<u>2,646,212</u>	<u>1,020,264</u>	<u>-</u>	<u>3,666,476</u>
Total depreciable capital assets	<u>22,371,816</u>	<u>4,240,651</u>	<u>30,000</u>	<u>26,582,467</u>
Less accumulated depreciation for:				
Buildings	(2,858,136)	(390,527)	-	(3,248,663)
Site improvements	(1,049,519)	(143,602)	-	(1,193,121)
Machinery, equipment, and vehicles	(3,276,018)	(513,783)	(15,000)	(3,774,801)
Infrastructure	<u>(54,321)</u>	<u>(129,744)</u>	<u>-</u>	<u>(184,065)</u>
Total accumulated depreciation	<u>(7,237,994)</u>	<u>(1,177,656)</u>	<u>(15,000)</u>	<u>(8,400,650)</u>
Total depreciable capital assets, net	<u>15,133,822</u>	<u>3,062,995</u>	<u>15,000</u>	<u>18,181,817</u>
Total capital assets, net	<u>\$ 17,765,383</u>	<u>\$ 3,062,995</u>	<u>\$ 372,934</u>	<u>\$20,455,444</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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Business-type Activities:

Non-depreciable capital assets:

Land	\$ 3,158,150	\$ 127,447	\$ -	\$ 3,285,597
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Depreciable capital assets:

Buildings	17,553,137	-	-	17,553,137
Site improvements	4,229,052	8,839	-	4,237,891
Machinery, equipment, and vehicles	15,605,570	54,872	-	15,660,442
Carts - in service	-	590,336	-	590,336
Carts - not in service	-	113,544	-	113,544
Infrastructure	<u>26,315,280</u>	<u>1,343,498</u>	-	<u>27,658,778</u>
Total depreciable assets	<u>63,703,039</u>	<u>2,111,089</u>	-	<u>65,814,128</u>

Less accumulated depreciation for:

Buildings	(3,874,257)	(517,384)	-	(4,391,641)
Site improvements	(500,102)	(272,004)	-	(772,106)
Machinery, equipment, and vehicles	(4,835,292)	(987,578)	-	(5,822,870)
Carts - in service	-	(9,839)	-	(9,839)
Infrastructure	<u>(7,421,730)</u>	<u>(468,118)</u>	-	<u>(7,889,848)</u>
Total accumulated depreciation	<u>(16,631,381)</u>	<u>(2,254,923)</u>	-	<u>(18,886,304)</u>

Total depreciable capital assets, net	<u>47,071,658</u>	<u>(143,834)</u>	-	<u>46,927,824</u>
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Total capital assets, net	<u>\$ 50,229,808</u>	<u>\$ (16,387)</u>	<u>\$ -</u>	<u>\$50,213,421</u>
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Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 768,097
Public safety	259,064
Culture and recreation	26,654
Highways, roads, and streets	<u>123,841</u>

Total Governmental Activities depreciation expense	<u>\$ 1,177,656</u>
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Business-type Activities:

Water	\$ 374,904
Sewer	1,394,942
Golf course	372,024
Solid waste	9,839
Swimming pool	<u>103,214</u>

Total Business-type Activities depreciation expense	<u>\$ 2,254,923</u>
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**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Township is the defendant in a number of lawsuits arising principally from the normal course of operation. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Additionally, the former Municipal Sewer and Water Authority of Cranberry Township, which has been merged into the Township, is party to various legal proceedings which normally occur in Authority operations. These legal proceedings are not likely to have a material adverse impact on the Township.

**B. Guarantee - Seneca Valley Junior Football Association**

In 2000, the Township approved the addition of lights and grandstands at the Cranberry Community Park football field, to be constructed by the Seneca Valley Junior Football Association. The Township agreed to guarantee the financing for the project. The guarantee is in the amount of \$115,000 and extends for a period of ten years. The Junior Football Association structured the loan as a line of credit not to exceed \$115,000. During February 2003, the Township agreed to guarantee an additional \$55,000 in financing to be obtained by the Junior Football Association in the form of a commercial note. As of December 31, 2004, the remaining amount drawn against the line for the Junior Football Association and the Township's guarantee is \$48,633.

**C. Contingency**

On March 2, 1999, the Municipal Sewer and Water Authority of Cranberry Township (now merged into the Township) entered into a Consent Order and Agreement by and between the Commonwealth of Pennsylvania, the Pennsylvania Department of Environmental Protection (PADEP), and the Pennsylvania Fish and Boat Commission, regarding exceedances of the limits for ammonia nitrogen in the Authority's NPDES permit. Because of the expansion and renovation of the Brush Creek Water Pollution Control Facility, some existing treatment units were required to be removed to provide space for new buildings. As of the date of this report, no additional permit violations have occurred.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - POLICE PENSION PLAN**

The Police Pension Fund was established to provide retirement and death benefits to eligible police department employees under the provisions of the Township's Defined Benefit Pension Plan and Act 600 of the Commonwealth of Pennsylvania.

**Plan Description**

The Township of Cranberry Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. 895.101, et seq. ("Act 205"), the Police Pension Fund Act of May 29, 1956, P.L. (195) 1804 no. 600, as amended, 53 P.S. 767, et. Seq. ("Act 600"), and the regulation thereunder. The plan is governed by the Township of Cranberry Board of Supervisors which has delegated the authority to manage certain plan assets to the Township Manager. A stand-alone financial report of the plan is available upon request in the Township's finance office.

Significant provisions of the pension plan are as follows:

**A. Participation** - Any individual employed by the Township on a regular, full-time basis as a member of the Township's police force is covered by the plan from the participant's date of hire.

**B. Retirement Benefit** - A participant is entitled to begin receiving retirement benefits after completing 25 years of service and attaining age 50 for employment that began prior to January 1, 1992. Those employees hired after January 1, 1992 are entitled to receive benefits after completing 25 years of service and attaining age 55. The scheduled monthly retirement benefit is 50% of the participant's final average monthly compensation earned during the last 36 months of employment, plus an additional monthly benefit of \$10 for each completed year of service in excess of 25 years, up to a maximum monthly increment of \$100.

**C. Disability Benefit** - If a participant becomes totally and permanently disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is 50% of final average monthly compensation. Payments will continue until the earliest of recovery, death, or normal retirement.

**D. Death Benefit** - If a participant's death occurs before retirement eligibility, the participant's estate receives a refund of contributions made by the participant, plus interest.

If a participant's death occurs in the line of duty after the participant has qualified for retirement, and the participant is survived by an eligible spouse or dependent children, a monthly benefit is payable until the latest of the spouse's death, spouse's remarriage or the youngest dependent attaining age 18. The benefit payable is 50% of the pension the participant was receiving or entitled to receive on the date of death.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**E. Funding** - The Plan is funded on an annual basis pursuant to the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. 895.101, et.seq. ("Act 205"), the Police Pension Fund Act of May 29, 1956, P.L. (1955) 1804 no. 600, as amended, 53 P.S. 767, et.seq. ("Act 600"), and the regulations thereunder. The annual pension cost and the contribution for the period 2002 through 2004 is as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Normal Pension Cost	\$ 216,911	\$ 198,455	\$ 185,558
Contribution (Excluding Employee Mandatory)	\$ 198,203	\$ 126,120	\$ 109,171

In addition, participants are required to contribute 5% of their compensation.

A summary of the actuarial values as of the most recent valuation (January 1, 2004) follows:

Actuarial present value of future benefits	\$ 7,756,051
Actuarial present value of future normal costs	<u>2,300,936</u>
Actuarial accrued liability	5,455,115
Actuarial value of assets at January 1, 2004	<u>4,835,799</u>
Unfunded actuarial accrued liability (asset in excess of liability)	<u>\$ 619,316</u>
Market value of assets at January 1, 2004 (memorandum only)	<u>\$ 4,532,645</u>

**F. Plan Assumptions**

Actuarial Method:

Entry age normal actuarial cost method as described in Act 205 of 1984.

Method for Actuarial Valuation of Assets:

A smoothing formula which phases in actuarial gains and losses from investment sources over a four-year period.

Economic Assumptions:

Investment rate of return	7.5% per annum
Projected salary increases	5.0% increase per annum
Underlying inflation rate	3.0% increase per annum

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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Amortization Method:

Level dollar, closed.

**Required Supplementary Information**

Historical trend information about the plan is presented herewith as required supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The historical information required to be disclosed, beginning as of January 1, 2004, is as follows:

**Schedule of Funding Progress:**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b)-(a)]/(c)
01/01/04	\$ 4,835,799	\$ 5,455,115	\$ 619,316	89%	\$ 1,514,452	41%
01/01/03	\$ 4,492,252	\$ 4,899,613	\$ 407,361	92%	\$ 1,337,279	30%
01/01/01	\$ 4,651,458	\$ 4,164,576	\$ (486,882)	112%	\$ 1,122,437	-43%

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trend information showing the progress of the plan in accumulating sufficient assets to pay benefits when due is presented in the plan's annual report, copies of which may be obtained from the Township administration.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 - NON-UNIFORM EMPLOYEES PENSION PLAN**

**Plan Description**

The Township of Cranberry Non-Uniformed Employees' Pension Plan is a single-employer defined contribution pension plan controlled by the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005, no. 205, as amended, 53 P.S. 895.101, et seq. ("Act 205"), and the regulations thereunder. The plan is governed by the Board of Supervisors of the Township of Cranberry which has delegated the authority to manage certain plan assets to the Township Manager. The plan provides for retirement, disability, and death benefits to plan members and their beneficiaries.

Significant provisions of the pension plan are as follows:

**A. Funding Policy** - Active members are not required to contribute to the plan. The Township is required to contribute through yearly contributions five percent (5%) of the participant's annual compensation into an account maintained for the participant. The Township contributes seven percent (7 %) to accounts of participants who are utility workers. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used to reduce or eliminate the required municipal contribution.

**B. Valuation of Investments** - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages (if any) are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments (if any) is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. As of December 31, 2004, there were no investments in mortgages or real estate.

**C. Participation** - Any non-uniformed full time employee of the Township is eligible for plan participation on the January 1 nearest their completing one year of service and attaining age 18.

**D. Vesting** - Any account share attributable to the participants' voluntary contributions is always 100% vested. All other accounts will vest according to the cause of termination. In case of death, disability or retirement the vesting is 100%. In case of termination for any other reason, a participant will vest as follows:

<u>Years of Service</u>	<u>Vesting %</u>
Less than 3	0%
3, but less than 4	20%
4, but less than 5	40%
5, but less than 6	60%
6, but less than 7	80%
7 or more	100%

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**E. Benefits** - In case of death, disability, retirement or any other employment termination, the participant or beneficiary will be entitled to the distribution of the participant's account balance based on the then-current value of their vested interest, plus 100% of the voluntary contributions made.

**F. Death Benefits** - If a participant dies prior to retirement age, the beneficiary will be entitled to the accumulated contributions.

**G. Contributions** - The contribution in the amount of \$345,036 was made through an allocation of state aid from the General Municipal Pension System State Aid Program for the year ended December 31, 2004.

**NOTE 10 - TOWNSHIP DEFERRED COMPENSATION PLAN**

Employees of the Township may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation plans With Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Township matches non-uniform employee contributions to a maximum of 5% of the employee's salary after a six month waiting period. For utility workers, the Township matches employee contributions to a maximum of 1% for 2004, 2% for 2005, and 3% for 2006.

The deferred compensation plan is administered by an unrelated investment manager. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the investment manager, until paid or made available to the employees or beneficiaries, are the property of the Township subject only to the claims of the Township's general creditors. In addition, the participants in the plan have rights equal to their share of the fair market value of the plan assets. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**Sewer and Water Deferred Compensation Plan**

During early 2004, sewer and water employees who were a part of the bargaining unit could participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation plans With Respect to Service for State and Local Governments).

Under the plan, employees could elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount was not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Township did not match employee contributions.

The deferred compensation plan was administered by an unrelated investment manager. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the investment manager, until paid or made available to the employees or beneficiaries, were the property of the Township subject only to the claims of the Township's general creditors. In addition, the participants in the plan had rights equal to their share of the fair market value of the plan assets.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator.

In February 2004, this plan was terminated, and all assets were either distributed directly to the participants or were rolled into the Township's deferred compensation plan.

**NOTE 11 - CASH BOND ESCROW**

The Township requires developers to post bonds in the form of insurance, irrevocable letters of credit, or in cash in the form of an escrow account in accordance with Section 509 of the Pennsylvania Municipalities Planning Code. The purpose is to assure the completion of improvements which may be required. As of December 31, 2004, nine developers had posted cash bond escrows amounting to \$50,529 including accrued interest. These funds are deposited into escrow accounts which are not carried on the books of the Township because they are not owned by the Township.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 12 - DEPOSITS AND INVESTMENTS AND CONCENTRATION OF CREDIT RISK**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits. However, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, mutual funds, real estate, and other investments consistent with sound business practices.

The deposit and investment policy of the Township adheres to state statutes and sound business practices. Governmental funds are either maintained in various depository checking and savings accounts or are pooled for investment purposes in the Pennsylvania Local Government Investment Trust ("PLGIT"). These amounts are stated at fair value. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from other Township funds. The Township sets up investment accounts for enterprise funds for the sole purpose of repayment of debt obligations (i.e., "restricted investments").

**Cash** - The cash accounts are maintained in institutions insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 2004, the Township had approximately \$1,124,000 of uninsured, uncollateralized balances and \$200,000 of insured balances. The Township has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**Investments** - The investments in PLGIT are "pooled" with other local governments and school districts in an effort to maximize return and minimize costs associated with investing. PLGIT invests in two basic types of federal securities: obligations backed by the full faith and credit of the United States Government and short-term obligations of the United States Government or its agencies or instrumentalities (which may or may not be backed by the full faith and credit of the United States Government). The PLGIT Trust may also invest in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies and may also have repurchase agreements. Finally, the trust is also authorized to invest in certificates of deposit which are insured by the Federal Deposit Insurance Corporation or which are collateralized as provided by law. While the risk of these types of investments is deemed minimal, there is still some inherent risk.

**Restricted Investments** - Upon issuing bonds, the Township normally is required to establish sinking funds, which are segregated from all other funds of the Township. As principal and interest becomes due on the bonds, the Township is required to deposit amounts sufficient to provide for the payment of interest and principal. The funds are held in trust by a "sinking fund depository" and may be invested in such securities or held in such deposit accounts as are authorized by the Local Government Unit Debt Act of Pennsylvania. Such deposits and securities are held in the name of the Township but are subject to withdrawal or collection only by the sinking fund depository.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

The following table classifies the credit risk of the deposits and investments into three categories:

- 1 Insured or registered, or securities held by the entity or its agent in the entity's name
- 2 Uninsured and unregistered, with securities held by a counter-party's trust department or agent in the entity's name
- 3 Uninsured and unregistered, with securities held by a counter-party, or by its trust department or agent but not in the entity's name

**Uncategorized** The Township's deposits in PLGIT and mutual funds cannot be categorized because they are not evidenced by securities that exist in physical form.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Uncategorized</u>	<u>Total</u>
<b>Primary Government:</b>					
Cash and cash equivalents	\$ 200,000	\$ -	\$ 929,514	\$ -	\$ 1,129,514
Investments (PLGIT)	\$ -	\$ -	\$ -	\$ 16,049,693	\$16,049,693
<b>Restricted Investments:</b>					
Golf Course Fund	\$ -	\$ -	\$ -	\$ 452,329	\$ 452,329
Sewer Fund	-	-	-	439	439
	\$ -	\$ -	\$ -	\$ 452,768	\$ 452,768
<b>Fiduciary Funds:</b>					
Police Pension Fund	\$ -	\$ -	\$ -	\$ 5,034,945	\$ 5,034,945
Municipal Employees' Pension	-	-	-	1,814,427	1,814,427
Township Deferred Compensation Fund	-	-	-	2,903,806	2,903,806
	\$ -	\$ -	\$ -	\$ 9,753,178	\$ 9,753,178

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 13 - LEASES**

**Sprint Towers**

During November 2000, the Township entered into a lease agreement with Sprint Spectrum LP for a parcel of land for use to install a telecommunications tower. The term of the lease is for 50 years. The rent shall consist of a base rent of \$200,000 of which \$100,000 was paid within one year after the execution of the lease agreement. The balance of \$100,000 was paid at the time of application for a building permit. The tenant has agreed to pay to the Township 30% of the gross rents collected from sub-rents collected by the tenant. Currently, the tenant has not yet secured any sub-tenants. Accordingly, there have been no additional payments made to the Township.

As a result of the merger of the Municipal Sewer and Water Authority into the Township in 2001, the Township was assigned a lease agreement between the Authority and Sprint Spectrum LP for a parcel of land for use to install a telecommunications tower. The initial term of the lease is for 5 years, and the lease is then automatically renewed for three additional terms of 5 years each. The tenant has agreed to pay the Township \$1,600 per month for the first 5 years, with possible increases in subsequent terms based upon changes in the consumer price index.

**Verizon Wireless Tower**

As a result of the merger of the Municipal Sewer and Water Authority into the Township in 2001, the Township was assigned a lease agreement dated in 2001 between the Authority and Verizon Wireless. The lease is for a parcel of property owned by the Township to be used for a telecommunication tower. The term of the lease is for an initial five year period. The lease provides for monthly rental of \$2,000 per month. The lease also provides for three additional five year extensions. The rent for each of the three extension years shall be the same as the initial year.

**Cricket Tower**

As a result of the merger of the Municipal Sewer and Water Authority into the Township in 2001, the Township was assigned a lease agreement dated in 2001 with Cricket Pennsylvania Property Company. The lease is for a parcel of property owned by the Township to be used for a telecommunications tower. The term of the lease is for an initial five year period with rents to be \$2,000 per month. The lease also provides for three additional five year extensions with a rent increase to 103% of the initial term rent or \$2,060 per month.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**Operating Lease**

In May 2002, the Township leased eighty golf carts under a 5 ½ year operating lease ending on November 1, 2007. The lease requires monthly payments of \$9,680 from May 1 through October 1 each year. No payments were required in 2002. Future minimum lease payments as of December 31, 2004 are as follows:

2005	\$	58,080
2006		58,080
2007		<u>58,080</u>
	\$	<u><u>174,240</u></u>

**NOTE 14 - SUPPLEMENTARY CASH FLOW INFORMATION**

The Golf Course Fund had noncash capital and related financing transactions for 2004 relating to amortization of bond issuance costs and bond discounts charged to interest of \$10,783.

The Sewer Fund had noncash capital and related financing transactions for 2004 relating to amortization of bond issuance costs charged to interest of \$140,015.

**NOTE 15 - SIGNIFICANT COMPONENT UNIT TRANSACTIONS**

The following schedule presents significant transactions between the primary government and its component units during the year ended December 31, 2004:

<u>Component Unit</u>	<u>Significant Transactions</u>
Cranberry Public Library, Inc.	The Township provided \$378,776 of support in the form of donated facilities and services and remission of property tax revenues.
Cranberry Volunteer Fire Department	The Township provided \$37,545 of support in the form of expense reimbursements.

**NOTE 16 - CONCENTRATION**

In 1997, the former Authority renewed its water purchase agreement with The Municipal Authority of the Borough of West View. This agreement became effective January 1, 1998 and expires December 31, 2017 and has been adopted by the Supervisors of the Township as part of the merger. For the year ended December 31, 2004, the Township purchased substantially all of its water needs from The Municipal Authority of the Borough of West View at a cost of \$1,616,202.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 17 - INFRASTRUCTURE ASSETS CONTRIBUTED BY DEVELOPERS**

A significant portion of infrastructure assets related to governmental activities and business-type activities is built by developers and contributed to the Township. Once the Township has valid title to the property, the related capital assets are recorded at fair value on the government wide statements and on the proprietary fund financial statements, as applicable. During the year ended December 31, 2004, infrastructure assets contributed by developers amounted to \$2,328,862.

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND AND CAPITAL PROJECTS FUND**

YEAR ENDED DECEMBER 31, 2004

	GENERAL FUND				CAPITAL PROJECTS FUND			
	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Taxes	\$ 8,142,516	\$ 8,142,516	\$ 9,444,952	\$ 1,302,436	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	151,000	151,000	175,165	24,165	-	-	40,455	40,455
Fines and forfeitures	110,100	110,100	93,264	(16,836)	-	-	-	-
Interest, rents and royalties	52,510	52,510	61,003	8,493	12,000	12,000	24,780	12,780
Intergovernmental revenue	557,600	557,600	582,072	24,472	-	-	-	-
Charges for services	1,234,000	1,234,000	1,583,501	349,501	-	-	-	-
Miscellaneous revenues	<u>50,000</u>	<u>50,000</u>	<u>97,068</u>	<u>47,068</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total revenues	<u>10,297,726</u>	<u>10,297,726</u>	<u>12,037,025</u>	<u>1,739,299</u>	<u>22,000</u>	<u>22,000</u>	<u>65,235</u>	<u>43,235</u>
<b>EXPENDITURES</b>								
General government	2,348,398	2,348,398	2,489,915	(141,517)	-	-	-	-
Public safety	3,522,550	3,522,550	3,473,476	49,074	-	-	-	-
Health and welfare	145,500	145,500	224,937	(79,437)	-	-	-	-
Highways, roads and streets	1,766,872	1,766,872	1,760,152	6,720	-	-	-	-
Culture and recreation	1,136,128	1,136,128	1,095,107	41,021	-	-	-	-
Insurance and pension	397,508	397,508	550,720	(153,212)	-	-	-	-
Miscellaneous	60,000	60,000	23,762	36,238	-	-	-	-
Capital outlay	-	-	-	-	3,822,000	3,822,000	3,435,070	386,930
Debt service:								
Principal retirement	1,139,606	1,139,606	795,913	343,693	-	-	228,870	(228,870)
Interest charges	-	-	343,600	(343,600)	-	-	-	-
Bond issuance costs	<u>8,500</u>	<u>8,500</u>	<u>2,525</u>	<u>5,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,525,062</u>	<u>10,525,062</u>	<u>10,760,107</u>	<u>(235,045)</u>	<u>3,822,000</u>	<u>3,822,000</u>	<u>3,663,940</u>	<u>158,060</u>
Excess (deficiency) of revenues over expenditures	(227,336)	(227,336)	1,276,918	1,504,254	(3,800,000)	(3,800,000)	(3,598,705)	201,295
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	100,000	100,000	100,000	-	1,350,000	1,350,000	1,350,000	-
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,774)</u>	<u>(68,774)</u>
Total other financing sources (uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,281,226</u>	<u>(68,774)</u>
Net change in fund balance	<u>\$ (1,027,336)</u>	<u>\$ (1,027,336)</u>	476,918	<u>\$ 1,504,254</u>	<u>\$ (2,450,000)</u>	<u>\$ (2,450,000)</u>	(2,317,479)	<u>\$ 132,521</u>
<b>FUND BALANCE - JANUARY 1, 2004</b>			<u>4,462,060</u>				<u>2,844,004</u>	
<b>FUND BALANCE- DECEMBER 31, 2004</b>			<u>\$ 4,938,978</u>				<u>\$ 526,525</u>	

**TOWNSHIP OF CRANBERRY**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**

DECEMBER 31, 2004

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Fire Protection Fund</u>	<u>Fire Capital Fund</u>	<u>Library Fund</u>	<u>Recreational Facilities Fund</u>	<u>Highway Aid Fund</u>	<u>Glen Eden Transportation Improvement Program Fund</u>	<u>Transportation Improvement Program Funds</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,923	\$ 835	\$ 835	\$ -	\$ -	\$ -	\$ -	\$ 3,593
Taxes and fees receivable	1,309	873	873	-	-	-	-	3,055
Investments	173,641	89,929	41,611	9,623	506,525	1,347,535	2,704,695	4,873,559
Due from other funds	12,408	6,227	6,227	1,950	-	275	2,844	29,931
Advances to other funds	-	-	-	-	-	420,000	420,000	840,000
Total assets	<u>\$ 189,281</u>	<u>\$ 97,864</u>	<u>\$ 49,546</u>	<u>\$ 11,573</u>	<u>\$ 506,525</u>	<u>\$ 1,767,810</u>	<u>\$ 3,127,539</u>	<u>\$ 5,750,138</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Accounts payable and accrued expenses	\$ 8,188	\$ 12,554	\$ -	\$ -	\$ -	\$ 3,245	\$ 116,278	\$ 140,265
Due to other funds	20,603	3,067	-	90,968	-	-	282,226	396,864
Fund balance - reserved	-	-	-	-	-	420,000	420,000	840,000
Fund balance - unreserved	<u>160,490</u>	<u>82,243</u>	<u>49,546</u>	<u>(79,395)</u>	<u>506,525</u>	<u>1,344,565</u>	<u>2,309,035</u>	<u>4,373,009</u>
Total liabilities and fund balance	<u>\$ 189,281</u>	<u>\$ 97,864</u>	<u>\$ 49,546</u>	<u>\$ 11,573</u>	<u>\$ 506,525</u>	<u>\$ 1,767,810</u>	<u>\$ 3,127,539</u>	<u>\$ 5,750,138</u>

**TOWNSHIP OF CRANBERRY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**OTHER GOVERNMENTAL FUNDS**

YEAR ENDED DECEMBER 31, 2004

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Fire Protection Fund</u>	<u>Fire Capital Fund</u>	<u>Library Fund</u>	<u>Recreational Facilities Fund</u>	<u>Highway Aid Fund</u>	<u>Glen Eden Transportation Improvement Program Fund</u>	<u>Transportation Improvement Program Funds</u>	<u>Total Other Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ 339,032	\$ 226,026	\$ 226,026	\$ -	\$ -	\$ -	\$ -	\$ 791,084
Interest	2,695	3,371	2,259	407	12,548	19,412	49,669	90,361
Licenses, permits, and fees	-	-	-	140,400	-	-	-	140,400
Developer contributions	-	-	-	-	-	227,889	792,625	1,020,514
Intergovernmental revenues	63,900	17,170	-	-	439,885	-	204,141	725,096
Total revenues	<u>405,627</u>	<u>246,567</u>	<u>228,285</u>	<u>140,807</u>	<u>452,433</u>	<u>247,301</u>	<u>1,046,435</u>	<u>2,767,455</u>
<b>EXPENDITURES</b>								
Culture - recreation	-	-	233,426	-	-	-	-	233,426
Public safety	295,985	8,088	-	-	-	-	-	304,073
Highways, roads, and streets	-	-	-	-	553,944	-	1,504,217	2,058,161
Capital outlay	-	237,956	-	-	36,224	3,245	-	277,425
Debt service:								
Principal retirement	-	7,849	-	116,082	-	-	-	123,931
Interest charges	-	110,492	-	94,180	-	-	-	204,672
Total expenditures	<u>295,985</u>	<u>364,385</u>	<u>233,426</u>	<u>210,262</u>	<u>590,168</u>	<u>3,245</u>	<u>1,504,217</u>	<u>3,201,688</u>
Excess (deficiency) of revenues over expenditures	109,642	(117,818)	(5,141)	(69,455)	(137,735)	244,056	(457,782)	(434,233)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	150,000	150,000
Total other financing sources (uses)	-	-	-	-	-	-	150,000	150,000
<b>NET CHANGES IN FUND BALANCE</b>	<u>109,642</u>	<u>(117,818)</u>	<u>(5,141)</u>	<u>(69,455)</u>	<u>(137,735)</u>	<u>244,056</u>	<u>(307,782)</u>	<u>(284,233)</u>
<b>FUND BALANCE - JANUARY 1, 2004 - AS PREVIOUSLY STATED</b>	50,848	200,061	1,752	(9,940)	644,260	1,520,509	3,036,817	5,444,307
Prior period adjustment	-	-	52,935	-	-	-	-	52,935
<b>FUND BALANCE - JANUARY 1, 2004 (restated)</b>	50,848	200,061	54,687	(9,940)	644,260	1,520,509	3,036,817	5,497,242
<b>NET CHANGES IN FUND BALANCE</b>	<u>109,642</u>	<u>(117,818)</u>	<u>(5,141)</u>	<u>(69,455)</u>	<u>(137,735)</u>	<u>244,056</u>	<u>(307,782)</u>	<u>(284,233)</u>
<b>FUND BALANCE - DECEMBER 31, 2004</b>	<u>\$ 160,490</u>	<u>\$ 82,243</u>	<u>\$ 49,546</u>	<u>\$ (79,395)</u>	<u>\$ 506,525</u>	<u>\$ 1,764,565</u>	<u>\$ 2,729,035</u>	<u>\$ 5,213,009</u>

**TOWNSHIP OF CRANBERRY**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR PROPRIETARY FUNDS**

**DECEMBER 31, 2004**

	<b><u>Solid</u></b> <b><u>Waste</u></b> <b><u>Fund</u></b>	<b><u>Swimming</u></b> <b><u>Pool</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b> <b><u>Non-Major</u></b> <b><u>Proprietary</u></b> <b><u>Funds</u></b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1	\$ -	\$ 1
Investments	250,118	229,334	479,452
Accounts receivable:			
Customers - billed	142,196	-	142,196
Due from other funds	<u>11,800</u>	<u>68,318</u>	<u>80,118</u>
Total current assets	<u>404,115</u>	<u>297,652</u>	<u>701,767</u>
Non-current assets:			
Capital assets:			
Buildings	-	2,496,780	2,496,780
Machinery, equipment, and vehicles	-	26,244	26,244
Carts - in service	590,336	-	590,336
Carts - not in service	113,544	-	113,544
Less: accumulated depreciation	<u>(9,839)</u>	<u>(712,735)</u>	<u>(722,574)</u>
Total non-current assets	<u>694,041</u>	<u>1,810,289</u>	<u>2,504,330</u>
<b>Total Assets</b>	<b><u>\$ 1,098,156</u></b>	<b><u>\$ 2,107,941</u></b>	<b><u>\$ 3,206,097</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 66,024	\$ 1,001	\$ 67,025
Due to other funds	-	187,007	187,007
Deferred revenue	210,176	56	210,232
Long-term debt - current portion	<u>-</u>	<u>64,471</u>	<u>64,471</u>
Total current liabilities	<u>276,200</u>	<u>252,535</u>	<u>528,735</u>
Non-current liabilities:			
Long-term debt - net of current maturities:			
General obligation bonds	-	2,109,954	2,109,954
Advances from other funds	<u>840,000</u>	<u>-</u>	<u>840,000</u>
Total non-current liabilities	<u>840,000</u>	<u>2,109,954</u>	<u>2,949,954</u>
<b>Total Liabilities</b>	<b><u>1,116,200</u></b>	<b><u>2,362,489</u></b>	<b><u>3,478,689</u></b>
<b>NET ASSETS</b>			
Invested in capital assets - net of related debt	694,041	(364,136)	329,905
Unrestricted	<u>(712,085)</u>	<u>109,588</u>	<u>(602,497)</u>
<b>Total Net Assets</b>	<b><u>\$ (18,044)</u></b>	<b><u>\$ (254,548)</u></b>	<b><u>\$ (272,592)</u></b>

**TOWNSHIP OF CRANBERRY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET ASSETS**  
**NON-MAJOR PROPRIETARY FUNDS**

**YEAR ENDED DECEMBER 31, 2004**

	<b><u>Solid Waste Fund</u></b>	<b><u>Swimming Pool Fund</u></b>	<b><u>Total Non-Major Proprietary Funds</u></b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 196,698	\$ 484,073	\$ 680,771
Penalties and interest	1,544	-	1,544
Miscellaneous revenues	<u>3,454</u>	<u>694</u>	<u>4,148</u>
Total operating revenues	<u>201,696</u>	<u>484,767</u>	<u>686,463</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	-	214,505	214,505
Payroll taxes	-	16,323	16,323
Employee benefits	-	5,438	5,438
Depreciation	9,839	103,214	113,053
Insurance and pension	-	9,008	9,008
Advertising	-	3,522	3,522
Printing and reproduction	2,806	-	2,806
Uniforms	-	6,408	6,408
Materials and supplies	-	18,797	18,797
Collection and disposal cost	207,166	-	207,166
Chemicals	-	20,265	20,265
Telephone and utilities	-	55,911	55,911
Repairs and maintenance	-	15,674	15,674
Minor equipment rental and purchase	-	28,853	28,853
Concession and other products and services	-	43,511	43,511
Administrative expenses	<u>-</u>	<u>19,273</u>	<u>19,273</u>
Total operating expenses	<u>219,811</u>	<u>560,702</u>	<u>780,513</u>
Operating Income (loss)	<u>(18,115)</u>	<u>(75,935)</u>	<u>(94,050)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	71	2,969	3,040
Interest expense and debt issuance costs	<u>-</u>	<u>(76,733)</u>	<u>(76,733)</u>
Total non-operating revenues (expenses)	<u>71</u>	<u>(73,764)</u>	<u>(73,693)</u>
Income (loss) before contributions and transfers	(18,044)	(149,699)	(167,743)
<b>TRANSFERS IN</b>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Change in net assets	(18,044)	301	(17,743)
<b>TOTAL NET ASSETS - JANUARY 1, 2004</b>	<u>-</u>	<u>(254,849)</u>	<u>(254,849)</u>
<b>TOTAL NET ASSETS - DECEMBER 31, 2004</b>	<u><u>\$ (18,044)</u></u>	<u><u>\$ (254,548)</u></u>	<u><u>\$ (272,592)</u></u>

**TOWNSHIP OF CRANBERRY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR PROPRIETARY FUNDS**

**YEAR ENDED DECEMBER 31, 2004**

	<b><u>Solid Waste Fund</u></b>	<b><u>Swimming Pool Fund</u></b>	<b><u>Total Non-Major Proprietary Funds</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 266,222	\$ 484,129	\$ 750,351
Payments to suppliers	(143,948)	(250,408)	(394,356)
Payments to employees	-	(215,536)	(215,536)
Internal activity - net payments from (to) other funds	828,200	18,376	846,576
Other receipts (payments), net	<u>3,454</u>	<u>694</u>	<u>4,148</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>953,928</u>	<u>37,255</u>	<u>991,183</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating subsidies and transfers from (to) other funds, net	<u>-</u>	<u>150,000</u>	<u>150,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(703,880)	-	(703,880)
Principal paid on capital debt	-	(63,006)	(63,006)
Interest paid on capital debt	<u>-</u>	<u>(76,733)</u>	<u>(76,733)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(703,880)</u>	<u>(139,739)</u>	<u>(843,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	71	2,969	3,040
Rental income	-	-	-
Net sales (purchases) of investments	<u>(250,118)</u>	<u>(50,494)</u>	<u>(300,612)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(250,047)</u>	<u>(47,525)</u>	<u>(297,572)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	1	(9)	(8)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>-</u>	<u>9</u>	<u>9</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (18,115)	\$ (75,935)	\$ (94,050)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	9,839	103,214	113,053
Change in assets and liabilities:			
Receivables, net	(142,196)	-	(142,196)
Due from other funds	(11,800)	(10,262)	(22,062)
Due to other funds	-	28,638	28,638
Accounts payable and accrued expenses	66,024	(6,963)	59,061
Compensated absences	-	(1,493)	(1,493)
Advances from other funds	840,000	-	840,000
Deferred revenue	<u>210,176</u>	<u>56</u>	<u>210,232</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 953,928</u>	<u>\$ 37,255</u>	<u>\$ 991,183</u>